

Message Text

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ACTION EB-08

INFO OCT-01 ARA-10 EUR-12 ISO-00 AGRE-00 COME-00

TRSE-00 OMB-01 CIAE-00 DODE-00 INR-07 NSAE-00

PA-01 USIA-06 PRS-01 SP-02 AID-05 NSC-05 SS-15

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FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC 3110

INFO AMEMBASSY BOGOTA

AMEMBASSY LONDON

AMCONSUL RIO DE JANEIRO

AMCONSUL SAO PAULO

LIMITED OFFICIAL USE BRASILIA 6467

E.O. 11652: N/A

TAGS: EAGR, ETRD, BR, CO

SUBJ: GOMEZ JARAMILLO VISIT TO BRAZIL DOES NOT RESULT IN COFFEE

PRODUCER ALLIANCE OR JOINT COFFEE MARKETING STRATEGY

REF: (A) BOGOTA 7046; (B) BRASILIA 4846

BEGIN UNCLASSIFIED

1. SUMMARY. ARTURO GOMEZ JARAMILLO, PRESIDENT OF THE COLOMBIAN FEDERATION OF COFFEE PRODUCERS, SPENT AUGUST 1 AND 2 CONFERRING WITH GOB OFFICIALS. NO JOINT COFFEE MARKETING STRATEGY OR PRODUCER ALLIANCE EMERGED FROM THESE MEETINGS. END SUMMARY.

2. THE VISIT OF ARTURO GOMEZ JARAMILLO, PRESIDENT OF THE COLOMBIAN FEDERATION OF COFFEE PRODUCERS (FENACAFE) TO BRASILIA AUGUST 1 AND 2 WAS WIDELY HERALDED BY THE LOCAL PRESS AS THE PRELUDE TO AGREEMENT ON A JOINT COFFEE MARKETING STRATEGY BETWEEN THE WORLD'S TWO LARGEST COFFEE PRODUCERS. JORNAL DE BRASILIA OF JULY 29

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EVEN FLOATED THE POSSIBILITY THAT THIS MEETING WOULD BE THE FIRST STEP TOWARD CREATING A "COFFEE OPEC."

3. DURING HIS STAY IN BRASILIA GOMEZ JARAMILLO MET WITH BRAZILIAN COFFEE INSTITUTE (IBC) PRESIDENT CALAZANS, MINISTER OF INDUSTRY AND COMMERCE CALMON DE SA, AND FOREIGN MINISTER SILVEIRA. GOMEZ JARAMILLO WAS ACCOMPANIED ON HIS CALLS BY COLOMBIAN AMBASSADOR

TO BRAZIL GERMAN RODRIQUEZ AND BY PENACAFE BRAZIL REPRESENTATIVE FRANCISCO SAENZ. JORIO DAUSTER, THE FONMIN'S COFFEE EXPERT, ALSO TOOK PART IN THE MEETINGS.

4. THE MEETINGS WERE CLOSELY RESTRICTED AND SURROUNDED WITH RESERVE: THE PRESS DESCRIBED THEM AS "SECRET" (JORNAL DE BRASILIA, AUGUST 2) AND "MYSTERIOUS" (CORREIO BRAZILIENSE, AUGUST 2), AND GOMEZ JARAMILLO WAS CALLED "CAUTIOUS" (GAZETA MERCANTIL, AUGUST 2). HOWEVER, ALL PAPERS REPORTED -- AND GOMEZ JARAMILLO CONFIRMED THIS IN HIS PRESS CONFERENCE THE AFTERNOON OF AUGUST 2 -- THAT GOMEZ JARAMILLO MOSTLY LISTENED TO BRAZILIAN OFFICIALS EXPLAIN BRAZIL'S COFFEE POLICY, INCLUDING INTERBRAS PURCHASES AND THE DECISION TO RESTRICT EXPORTS TO 12 MILLION BAGS DURING 1977 IN ORDER TO ASSURE COFFEE SUPPLY TO THE DOMESTIC MARKET AND BEGIN TO REBUILD RESERVES. BOTH SIDES ALSO DISCUSSED THE CURRENT WORLD COFFEE MARKET SITUATION, AND ACCORDING TO THE PRESS STATEMENT DISTRIBUTED BY THE FONMIN, BOTH SIDES AGREED THAT COFFEE PRICES WILL RISE SOON WHEN THE ROASTERS GET BACK INTO THE MARKET.

5. MOST PAPERS ON AUGUST 3 CHOSE TO EMPHASIZE BRAZIL'S DECISION TO LIMIT COFFEE EXPORTS DURING THE REMAINDER OF 1977 (WHICH WAS NOT REALLY NEW BUT WHICH WAS GIVEN WIDE PUBLICITY DURING THE VISIT) RATHER THAN REPORTING THE CONCLUSION OF THE GOMEZ JARAMILLO VISIT PER SE. ONLY RIO'S JORNAL DO BRASIL CLAIMED THAT "BRAZIL AND COLOMBIA ESTABLISH COFFEE SUPPORT SCHEME," BUT THIS HEADLINE WAS A STRAINED INTERPRETATION OF THE BRAZILIAN DECISION TO LIMIT LIMITED OFFICIAL USE

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COFFEE EXPORTS AND GOMEZ JARAMILLO'S COMMENT AT THE PRESS CONFERENCE THAT COLOMBIA NATURALLY WOULD RAISE ITS EXPORT REGISTRATION PRICE IN TUNE WITH MARKET DEVELOPMENTS.

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6. COMMENT: SOME IMPROVEMENT IN UNDERSTANDING BETWEEN THE TWO COUNTRIES SEEMS TO HAVE RESULTED FROM THE MEETINGS. RIO'S O GLOBO OF AUGUST 2 COMMENTED THAT THE CLIMATE AT THE MEETINGS WAS NOT WARM, DUE TO RESIDUAL RESENTMENT OVER COLOMBIAN CRITICISM OF BRAZIL'S COFFEE MARKETING STRATEGY (REFTEL B) AND TO RECENT BRAZILIAN ATTACKS ON COLOMBIA'S LOWERING OF ITS MINIMUM EXPORT REGISTRATION PRICE. ACCORDING TO GOMEZ JARAMILLO'S STATEMENTS AT HIS PRESS CONFERENCE AT THE FOREIGN MINISTRY (ECONOFF WAS PRESENT), COLOMBIA NOW ACCEPTS BRAZIL'S MARKETING POLICY, INCLUDING INTERBRAS COFFEE PURCHASES. GOMEZ JARAMILLO COMMENTED THAT IT WAS NATURAL FOR A COUNTRY TO WANT TO DEFEND THE PRICES OF ITS PRODUCTS, AND HE SAID HE SAW NOTHING ILLEGAL IN THE INTERBRAS PURCHASES. (IBC PRESIDENT CALAZANS WAS HEARD TO SAY ON LEAVING THE PRESS CONFERENCE THAT BRAZIL COULD DO ANYTHING IT WANTED IN THE COFFEE MARKET.)

7. EVEN THOUGH GOMEZ JARAMILLO ACCEPTED THESE BRAZILIAN ACTIONS,

HE GAVE NO PUBLIC -- AND AS FAR AS WE KNOW, NO PRIVATE -- INDICATION THAT COLOMBIA WOULD FOLLOW BRAZIL'S EXAMPLE. GOMEZ JARAMILLO EMPHASIZED IN RESPONSE TO PRESS INQUIRIES WHETHER HIS VISIT SIGNIFIED THE BEGINNING OF A COFFEE PRODUCER ALLIANCE THAT COLOMBIA FELT THAT AN EFFECTIVE COFFEE STRATEGY MUST TAKE INTO ACCOUNT BOTH PRODUCER AND CONSUMER NEEDS AND DESIRES. SEVERAL TIMES HE REFERRED TO THE "CONSERVATIVE" NATURE OF COLOMBIA'S COFFEE EXPORT POLICY. AT THIS TIME IT APPEARS TO US THAT PROSPECTS FOR AN ALLIANCE BETWEEN THE WORLD'S TWO LARGEST COFFEE PRODUCERS ARE PROBABLY REMOTE BECAUSE OF DEEP AND BASIC DIFFERENCES OVER COFFEE MARKETING PHILOSOPHY: COLOMBIA TAKES A CONSERVATIVE, PRODUCER-CONSUMER, LONG-TERM VIEW, WHEREAS BRAZIL SEEMS TO TAKE AT PRESENT AN AGGRESSIVE, PRODUCER-ORIENTED, SHORT-TERM VIEW.
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END COMMENT
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Message Attributes

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Decaption Note:
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Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
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